

## Message Text

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PAGE 01 USBERL 00675 01 OF 02 080843Z  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13  
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R 071710Z MAR 77  
FM USMISSION USBERLIN  
TO SECSTATE WASHDC 4176  
AMEMBASSY BONN  
INFO AMEMBASSY BERLIN  
AMEMBASSY LONDON  
AMEMBASSY MOSCOW  
AMEMBASSY PARIS  
USMISSION NATO

C O N F I D E N T I A L SECTION 1 OF 2 USBERLIN 675

E.O. 11652: GDS  
TAGS: PGOV PINT WB  
SUBJECT: THE TROUBLES OF GOVERNING MAYOR SCHUETZ

REF: USBERLIN 631

SUMMARY. IN THE TENTH YEAR OF OFFICE THE MAYORSHIP OF  
CKLAUS SCHUETZ IS NO LONGER PROSPERING. BURDENED WITH  
1976 SCANDALS (KPM, TERRORIST ESCAPE, BURGER SPY CASE),  
SCHUETZ HAS STARTED OFF 1977 WITH POOR PERFORMANCE IN A  
PARLIAMENTARY FOLLOW-UP TO THE KPM MATTER, ACCOMPANIED  
BY DEMANDS, SOME FROM WITHIN HIS OWN PARTY, THAT HE  
RETIRE. BERLIN SPD STOUTLY DEFENDS SCHUETZ, BUT FACT IS  
THAT SCHUETZ PERSONALLY HAS BECOME A "PROBLEM," WHICH  
PARTY WILL HAVE TO RESOLVE BY EITHER DAMPING DOWN HIS  
CONTROVERSIALITY OR REPLACING HIM. NO EASY SOLUTION IS  
AT HAND. THE TWO STRONGEST SPD FIGURES IN BERLIN,  
RIEBSCHLAEGER AND RISTOCK, ESSENTIALLY CANCEL EACH  
OTHER OUT AS REPLACEMENTS. IF SCHUETZ IS TO BE EASED OUT,  
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PAGE 02 USBERL 00675 01 OF 02 080843Z

IT LOOKS AS IF SPD NATIONAL HEADQUARTERS WILL HAVE TO PLAY  
A MAJOR ROLE. INTERVENTION FROM THE OUTSIDE MAY ALREADY  
HAVE STARTED IN A DELIBERATE EFFORT TO UNDERMINE SCHUETZ.  
END SUMMARY.

1. DURING 1976 MAYOR KLAUS SCHUETZ' ADMINISTRATION WAS HIT  
BY TWO SCANDALS WHICH CAUSED CABINET RESIGNATIONS: THE KPM

AFFAIR RESULTING IN THE DEPARTURE OF TRANSPORT MINISTER LIEHR (SPD), AND THE TERRORIST BREAKOUT FROM PRISON, CAUSING THE RESIGNATION OF MAYOR OXFORT (FDP). IN BOTH CASES SCHUETZ DISTANCED HIMSELF FROM FORMAL RESPONSIBILITY AND SACRIFICED THE SUBORDINATES, BUT THE TACTIC HAD ONLY SHORT-TERM SUCCESS. THE VICTIMS DEVELOPED SHARP RESENTMENTS WHICH INFECTED THEIR RESPECTIVE PARTIES. THE VIEW BEGAN TO GAIN THAT SCHUETZ, AS TOP EXECUTIVE, DID INDEED BEAR FINAL RESPONSIBILITY AND THAT HIS DISCLAIMERS THEREOF WERE EITHER DISINGENUOUS OR REFLECTED MANAGERIAL INCOMPETENCE, OR BOTH. FINALLY, HIS ATTEMPTED PERSONAL DISENGAGEMENT FROM ASPECTS OF THE KPM SCANDAL, THE CLOSER IT WAS EXAMINED, RAISED QUESTIONS AS TO HIS TRUTHFULNESS. THE CDU HAS CONCENTRATED ON THE LATTER VULNERABILITY.

2. DURING JANUARY AND FEBRUARY OF 1977 SCHUETZ HAS BEEN ROCKED IN SUCCESSIVE WAVES BY:

(A) A PUTATIVE RIGHT-WING SPD STUDY PUBLISHED ON JANUARY 15 WHICH DETAILS THE FAILURES OF THE LOCAL PARTY IN GREAT DETAIL, AND CALLS FOR THE "PROGRAMMED" RETIREMENT OF SCHUETZ DURING THE SPRING OF 1977 AS INDISPENSABLE IF THE PARTY DOES NOT WANT TO LOSE THE ELECTIONS OF 1979.

(B) A CDU PARLIAMENTARY MOTION OF DISAPPROVAL ON FEBRUARY 10, BASED ON SCHUETZ' EARLIER ENDORSEMENT OF THE MORALITY OF AN SPD EX-BUREAUCRAT (SCHWAEBL) INVOLVED IN THE KPM AFFAIR. SCHUETZ DREW CRITICISM FOR REFUSING TO SPEAK IN THE ENSUING DEBATE, AND IT WAS RUMORED THAT HIS EARLIER CONFIDENTIAL

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PAGE 03 USBERL 00675 01 OF 02 080843Z

ENDORSEMENT OF SCHWAEBL WAS BASED ON THE LATTER'S ABILITY TO CLACKMAIL HIM. AFTER THE FEBRUARY 10 VOTE, WHICH THE CDU LOST, SCHUETZ DEFENDED HIMSELF LISTLESSLY ON TV AGAINST INSULTING QUESTIONS, SUCH AS WHETHER HE WAS SUSCEPTIBLE TO BLACKMAIL, HOW SOON HE WOULD QUIT, ETC.

(C) A NEW PARLIAMENTARY DEBATE ON THE KPM MATTER ON FEBRUARY 24, IN WHICH SCHUETZ CHANGED A MINOR DETAIL OF HIS EARLIER TESTIMONY; AND

(D) A SLUR ON THE BERLIN PARTY FOR ITS POLITICAL CRONYISM (VERFILZUNG) BY NATIONAL PARTY BUSINESS MANAGER EGON BAHR, PRINTED IN THE BRAKFURTER RUNDSCHAU. (BAHR LATER ISSUED A PECULIAR CLARIFICATION, SAYING HE WAS NOT ATTACKING SCHUETZ PERSONALLY, BUT WAS ONLY REPEATING A CRITICISM OF THE BERLIN SPD PREVIOUSLY MADE BY SCHUETZ AS WELL AS HELMUT SCHMIDT.)

3. SCHUETZ' PROBLEMS HAVE ARISEN OUT OF A SLOW

ACCUMULATION OF DETAILS, ALTHOUGH IT WAS HIS KPM TESTIMONY WHICH PRECIPITATED THE PRESENT CRISIS. IT SHOULD BE EMPHASIZED THAT THERE IS REALLY NO QUESTION OR SUSPICION OF TURPITUDE FOR PROFIT ON SCHUETZ' PART. THE KPM PROBLEM INVOLVED DUBIOUS SPD PARTY PATRONAGE APPOINTMENTS, AND THE ONLY ISSUE WITH SCHUETZ IS THE DEGREE TO WHICH HE WAS AWARE OF BACKGROUND BEFORE HE APPROVED CERTAIN PERSONAL SHIFTS. HIS FEBRUARY 24 CHANGE OF SMALL DETAILS IN WHAT WAS ORIGINALLY HIS HIGHLY IMPRESSIONISTIC 1976 TESTIMONY LOOKS LEGALLY RATHER BLAMELESS, THOUGH THE CDU IS DEMANDING THAT THE PUBLIC PROSECUTOR EXAMINE THE RECORD FOR POSSIBLE PERJURY. BUT THE OVERALL IMPRESSION IN THIS MATTER IS THAT SCHUETZ WAS BEING EVASIVE AND THAT THE PUBLIC HAS RECEIVED A COVER-UP INSTEAD OF CLARIFICATION. THE INQUIRY REVEALED A PARTICULARLY BYZANTINE OPERATION OF SCHUETZ' SENAT CHANCERY.

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PAGE 04 USBERL 00675 01 OF 02 080843Z

4. THE BERLIN SPD IS NOW BRACING FOR A FURTHER SCANDAL; THE PARTY'S FORMER PRESS SPOKESMAN BURGER HAS BEEN CHARGED WITH ESPIONAGE FOR THE GDR. SCHUETZ WILL BE A MAIN WITNESS IN ANY TRIAL, AND WILL HAVE TO REVEAL THAT BURGER ENJOYED RATHER SUBSTANTIAL ACCESS TO TOP LEVEL PARTY DECISIONS, INCLUDING THOSE DEALING WITH THE GDR. HEARINGS ARE SCHEDULED TO BEGIN IN APRIL.

5. THE SPD AND THE FDP COALITION PARTNER HAVE RALLIED AROUND SCHUETZ PROTECTIVELY, AND HE HAS "WON" STRAIGHT

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PAGE 01 USBERL 00675 02 OF 02 080852Z  
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C O N F I D E N T I A L SECTION 2 OF 2 USBERLIN 675

VOTES OF CONFIDENCE ALONG PARTY LINES IN THE FEBRUARY 10 AND 24 SESSIONS. SCHUETZ INTERPRETS THESE VOTES AS "PARLIAMENTARY CONFIDENCE," AND PUBLICLY HAS TAKEN THE CATEGORICAL LINE THAT HE WILL REMAIN AS MAYOR SO LONG AS HE ENJOYS THE CONFIDENCE, EVEN UNTO 1979. ALTHOUGH WE DETECT A CERTAIN HOLLOWNESS IN THIS SUPPORT OF SCHUETZ, THE TRUTH IS THAT HIS REPLACEMENT MAY IMMEDIATELY PRESENT THE SPD WITH MORE TROUBLES THAN HIS RETENTION.

6. THE BERLIN SPD HAS ALWAYS BEEN SPLIT BETWEEN LEFT AND RIGHT WINGS AND A FLOATING CENTER, AND THIS STANDOFF WILL COMPLICATE AUTONOMOUS RESOLUTION OF ANY SUCCESSION PROBLEM. BOTH SENATOR RIEBSCHLAEGER ON THE RIGHT AND SENATOR RISTOCK ON THE LEFT WOULD PRESUMPTIVELY CANCEL EACH OTHER OUT AT THIS STAGE, ALTHOUGH WE THINK THAT WITH TIME RISTOCK WOULD HAVE BETTER CHANCES TO GAIN ENOUGH SUPPORT FROM THE MIDDLE TO ACHIEVE MAJORITY ENDORSEMENT. AMONG INDIGENOUS SENATORS, DIETRICH STOBBE IS OFTEN MENTIONED AS A POSSIBLE SUCCESSOR. ALTHOUGH STOBBE AS A PARTY CONFIDENTIAL

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PAGE 02 USBERL 00675 02 OF 02 080852Z

CENTRIST MIGHT BE LESS CONTROVERSIAL, HE IS NOT AN OBVIOUS SUCCESSOR IN SPITE OF INTELLIGENCE AND AMIABILITY WHICH MIGHT HELP HIM GROW INTO THE JOB. HIS INEXPERIENCE IN VOTE GETTING, INTERNAL PARTY POLITICS AND ADMINISTRATION ARE CONSIDERED HANDICAPS. MAYOR LUEDER TOLD US LAST WEEK THAT THE FDP WOULD CONTINUE TO SUPPORT SCHUETZ, BUT SPECULATED THAT IF SCHUETZ WERE REPLACED, STOBBE MIGHT BE THE ELIMINATION CANDIDATE, WEAK THOUGH HE IS.

7. GIVEN THE LEFT VERSUS RIGHT BLOCKAGES IN THE LOCAL PARTY, THERE IS GOOD REASON TO BELIEVE THAT THE SPD CENTER WOULD HAVE TO INTERVENE SHOULD IT BE DECIDED THAT SCHUETZ MUST GO. SCHUETZ HIMSELF CAME IN BY THIS PROCESS. THE SPRINGER PRESS INDEED IS FULL OF REPORTS OF SPD AND EVEN "COALITION" DISCUSSIONS IN BONN ON THIS. BOTH MARIE SCHLEI AND STATE SECRETARY SPANGENBERG ARE MENTIONED AS POSSIBLE CANDIDATES FROM THE CENTER, BUT SCHLEI'S IDENTIFICATION WITH THE SPD RIGHT WING WOULD SEEM TO RULE HER OUT. SPANGENBERG HAS AVOIDED LEFT-RIGHT POLITICS, BUT WE ARE NOT PERSUADED HE WOULD PERSONALLY

WANT TO ASSUME THE JOB. MAYOR KOSHNICK OF BREMEN HAS PUBLICLY STATED HE IS UNAVAILABLE. MINISTER OF STATE WISCHNEWSKI REMAINS A PLAUSIBLE CANDIDATE, AND WE GATHER THAT SCHUETZ CONSIDERS HIM TO BE CHANCELLOR SCHMIDT'S CHOICE. WISCHNEWSKI HAS A FORMIDABLE INTRA-SPD REPUTATION AND GREW UP AND WAS EDUCATED IN BERLIN.

8. WE HAVE BEEN TOLD THAT SCHUETZ BLAMES THE CHANCELLOR FOR RAISING THE PROJECT OF REPLACING HIM BY WISCHNEWSKI, BUT THAT SCHUETZ CONSIDERS THAT HIS POSITION HAS NOW BEEN STABILIZED AND THAT THE CHANCES ARE GOOD THAT HE WILL STAY IN OFFICE. AS MENTIONED, WE BELIEVE THAT THE LOCAL SPD, WHATEVER THE QUALIFICATIONS ON THEIR ENTHUSIASM, PREFERENCES IF POSSIBLE TO AVOID THE WRENCHING DISPLACEMENTS AND PROCEDURES THAT HIS REPLACEMENT WILL ENTAIL. FURTHERMORE, THE INSPIRED STORIES FROM BONN HAVE PRODUCED WITHIN THE CONFIDENTIAL

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PAGE 03 USBERL 00675 02 OF 02 080852Z

LOCAL SPD IRRITATION OVER IMPLICATIONS THAT ONLY AN OUTSIDER COULD RESTORE PROBITY AND ELECTORAL PERFORMANCE. RISTOCK HAS PUBLICLY AND EMPHATICALLY REJECTED THE "PRO-CONSULAR SOLUTION," AND SAID WISCHNEWSKI'S CANDIDACY WAS "BEYOND DISCUSSION."

9. BOTH SCHUETZ AND THE SPD, HOWEVER, ARE ON THIN ICE. MANY OBSERVERS CONCLUDE THAT BONN HAS DECLARED OPEN SEASON ON SCHUETZ, AND THAT THE BARRAGE OF CRITICISM WILL CONTINUE. ALL PARTICIPANTS WANT THE COALITION TO CONTINUE, BUT FDP SUPPORT FOR SCHUETZ AS A PERSON SEEMS TO BE BECOMING MORE AND MORE TENTATIVE. SCHUETZ' BIGGEST ASSET, THAT HIS PERSONAL POPULARITY EXCEEDED THAT OF THE PARTY AS A WHOLE, IS GRADUALLY BEING ERODED, AS SEEN BY THE SWING AWAY FROM SCHUETZ OF SOME INDEPENDENT COMMENTATORS (TAGESSPIEGEL, DER ABEND, AND ON TV). UNTIL SCHUETZ CAN START GENERATING SOME GOOD NEWS, INSTEAD OF ONLY BEING ASSOCIATED WITH RECURRENT PUBLIC EMBARRASMENTS, HE WILL INCREASINGLY BE A LIABILITY RATHER THAN AN ASSET. HIS ANNOUNCED INTENTIONS TO STAY ON AND FIGHT ARE NOT ENOUGH (AND OF COURSE THEY COULD AS WELL BE A DIVERSION AS AN INDICATOR OF RESOLUTENESS). HE MUST URGENTLY FIND SOME WAY TO TURN AROUND A RPROCESS WHICH HAS ALREADY GATHERED CONSIDERABLE OMENTUM. AT THE MOMENT HIS CHANCES DO NOT SEEM MUCH BETTER THAN FIFTY-FIFTY, ALTHOUGH THEY SEEM TO HAVE BEEN HELPED BY THE BACKLASH OF LOCAL RESENTMENT CAUSED BY THE CRITICISMS FROM THE OUTSIDE.

10. FOR THE RECORD, WE NOTE THAT THE OTHER TWO OPTIONS TO THE PRESENT COALITION, A CDU/FDP COALITION OR A CDU/SPD COALITION, SEEM DEAD. IN BOTH CASES THE FDP WOULD BE A HEAVY LOSER, AND FOR THE CDU TO JOIN FORCES WITH THE

CRITICIZED SPD SEEMS A BIT MUCH AT THIS JUNCTURE.  
HOWEVER, THESE OTHER OPTIONS REMAIN UNDER DISCUSSION WITHIN  
CLOSED CIRCLES AND COULD CONCEIVABLY SURFACE AGAIN IF THE  
SPD CANNOT SURVIVE WITH SCHUETZ OR EASILY FIND A SUCCESSOR  
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PAGE 04 USBERL 00675 02 OF 02 080852Z

TO HIM. GEORGE

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## Message Attributes

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